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Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03 NSC-10

PA-03 PRS-01 SS-15 USIA-12 OMB-01 RSR-01 /099 W
---------- 083788
R 140159Z JUL 73
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 6599
INFO CINCPAC
CINCPACREPPHIL
13TH AIR FORCE

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E O 11652: N/A
TAGS: ETRN, RP
SUBJ: CIVAIR: REQUEST FOR PARTICIPATION BY PHILIPPINE AIRLINES
IN AIRLINE CARRIERS' REPRESENTATIVE OFFICES (ACRO) AT
SUBIC AND CLARK

BEGIN SUMMARY: PHILIPPINE CAB HAS PASSED FORMAL RESOLUTION REQUESTING PAL BE PROVIDED SPACE FOR ITS OFFICE AT ACRO SUBIC AND CLARK IN ORDER ASSURE PAL EQUAL AND FAIR OPPORTUNITY TO COMPETE FOR REDUCED U.S. MILITARY FARE TRAFFIC. ACCORDING PCAB EXECUTIVE DIRECTOR, IF PAL NOT ASSURED FAIR ACCESS TO THIS MARKET, PCAB WILL HAVE NO ALTERNATIVE BUT TO CANCEL AUTHORIZATION OF REDUCED MILITARY FARE IN THE PHILIPPINES. ACTION REQUESTED: CONSIDERATION OF PCAB REQUEST BY (A) WASHINGTON POLICY COMMITTEE OF JOINT AIR CARRIER REPRESENTATION ASSOCIATION AND (B) SUBIC AND CLARK BASE COMMANDS; AND ADVICE TO EMBASSY RE POSITION WE SHOULD TAKE WITH PCAB. END SUMMARY.

1. FOLLOWING RECURRENT PAL CRITICISM OF ACRO OPERATIONS, ESPECIALLY AT SUBIC, FOR FAILING TO GIVE PAL FAIR SHARE OF U.S. MILITARY REDUCED FARE TRAFFIC TO U.S., PAL LAST MONTH SUBMITTED URGENT MOTION TO PHIL CAB TO SUSPEND PANAM AUTHORITY TO OFFER REDUCED
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FARES FOR U.S. MILITARY PERSONNEL AND DEPENDENTS. PANAM WAS CITED IN ITS CAPACITY AS OPERATOR OF ACRO IN PHILIPPINES. EMBASSY WAS

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ALERTED AND WROTE LETTER TO PCAB REITERATING SUBSTANCE OF NOTE SENT TO DFA JUNE 19, 1972 (SEE PARA 3 BELOW). BASED ON INFORMATION FROM PANAM AND ACRO PERSONNEL, EMBASSY STATED THAT WISHES OF THE TRAVELLER ARE RESPECTED IN DETERMINING WHICH AIRLINE IS CHOSEN FOR TICKETING AND THAT AFTER INITIAL MISUNDERSTANDINGS WERE CLARIFIED, A LARGE NUMBER OF TICKETS WERE BEING SOLD BY ACRO FOR TRAVEL ON PAL.

2. AT HEARING JUNE 5, PCAB DENIED PAL MOTION BUT ADOPTED RESOLUTION ORDERING PANAM TO MAKE REPRESENTATION WITH ACRO "TO PROVIDE PAL A SPACE FOR ITS OFFICE SO THAT IT MAY HAVE EQUAL AND FAIR OPPORTUNITY TO COMPETE FOR AND SHARE IN THE CARRIAGE OF SUCH U.S. MILITARY TRAFFIC IN THE PHILIPPINES". PCAB EXECUTIVE DIRECTOR CONVEYED TEXT OF RESOLUTION TO EMBASSY IN LETTER DATED JUNE 18 EXPRESSING CONFIDENCE THAT PAL WOULD BE PROVIDED SPACE AT THE ACR OFFICES TO PROTECT ITS INTERESTS. (COPIES OF LETTERS POUCHED DEPARTMENT - EA/PHL).

3. IMPORTANT TO UNDERSTANDING BACKGROUND OF PAL CRITICISM OF ACRO IS FACT THAT COMUSNAVPHIL IN APRIL 1972 DENIED PAL'S REQUEST TO ESTABLISH AN AIRLINE TICKET OFFICE AT SUBIC. LETTER DATED APRIL 5, 1972 SENT TO PAL BY CAPT. HATCH DID NOT GIVE REASON FOR DENIAL, MERELY NOTING THAT AN ACR OFFICE WOULD SOON BE ESTABLISHED AND THAT PAL AND OTHER LOCAL CARRIERS WOULD BE "EQUALLY REPRESENTED IN THIS SERVICE". SUBSEQUENTLY, DFA IN JUNE 1972 NOTE TO EMBASSY STATED THAT PAL HAD BEEN EXCLUDED FROM ACRO AND THUS DENIED OPPORTUNITY TO CARRY REDUCED FARE MILITARY TRAFFIC. IN ACCORDANCE WITH INFORMATION IN COMUSNAVPHIL MESSAGE NO463O 120854Z JUNE 72, EMBASSY RESPONDED IN NOTE DATED JUNE 19, 1972 THAT PAL HAD NOT BEEN EXCLUDED FROM ACCESS TO MILITARY TRAVELLERS THROUGH ACRO AND ADDING THAT THE MAIN FACTORS DETERMINING THE CHOICE OF CARRIER ARE THE DESIRES OF TRAVELLERS AND FLIGHT SCHEDULES. NOTE ALSO POINTED OUT THAT PAL DOES NOT SHARE EXPENSES OF ACRO OPERATIONS. (IN FACT, PAL PAYS STANDARD 7 PERCENT FEE ON ALL TICKETS SOLD BY ACRO.)

4. THERE IS EVIDENCE THAT PERFORMANCE OF ACRO'S AT BOTH SUBIC AND CLARK IN SELLING TICKETS ON PAL HAS BEEN ERRATIC, AND PAL HAS HAD REPORTS FROM TRAVELLERS THAT THEY HAVE BEEN ACTIVELY DISCOURAGED FROM USING PAL ON FLIGHTS TO U.S. ACRO STATISTICS SHOW A
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DECIDED FALLING OFF OF TOTAL TICKETS SOLD ON PAL IN FIRST THREE MONTHS OF 1973. IN MARCH, HOWEVER, A FUROR WAS RAISED BY A U.S. NAVY OFFICER WHO CLAIMED THAT ACRO PURPOSEFULLY GAVE FALSE INFORMATION THAT PAL DOES NOT OFFER REDUCED MILITARY FARE. PAL USED THIS WITH PHIL CAB AS EVIDENCE OF DISCRIMINATION AND PROTESTED TO PANAM WHICH APPARENTLY CHANGED SALES PROCEDURES IN ACRO. IN APRIL AND MAY THERE WERE SHARP INCREASES IN ACRO'S SALE OF PAL TICKETS.

5. COMMENT. EMBASSY DOES NOT KNOW IF STRUCTURE OF ACRO WOULD PERMIT FULL PAL PARTICIPATION OR WHETHER SOME OTHER MEANS COULD

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BE FOUND TO ASSURE PAL CONTINUING FAIR ACCESS TO REDUCED U.S. MILITARY FARE TRAFFIC ORIGINATING IN THE PHILIPPINES. PCAB EXEC DIRECTOR HAS STATED EMPHATICALLY TO EMBASSY THAT UNLESS PAL IS GIVEN FIAR ACCESS, CAB WOULD HAVE NO ALTERNATIVE BUT TO SUSPEND AUTHORITY FOR REDUCED MILITARY FARES IN THE PHILIPPINES. WE BELIEVE IT ESSENTIAL THAT PAL BE GIVEN A DEMONSTRABLY FAIR ACCESS TO TRAFFIC UNDER THE REDUCED MILITARY FARE PROGRAM IF THIS PROGRAM IS TO CONTINUE IN THE PHILIPPINES.

6. EMBASSY REQUESTS INFORMATION FROM WASHINGTON POLICY COMMITTEE SUPERVISING ACRO OPERATIONS ON (A) WHETHER FOREIGN CARRIER SUCH AS PAL COULD PARTICIPATE IN ACRO; AND (B) IF NOT, WHETHER THERE ARE OTHER MEANS TO ASSURE FAIR ACCESS BY PAL TO REDUCED FARE TRAFFIC. EMBASSY ALSO REQUESTS VIEWS OF U.S. MILITARY COMMANDS AT SUBIC AND CLARK ON ACRO PROBLEM AND ON POSSIBILITY OF ALLOWING PAL TO ESTABLISH OFFICES AT THE BASES AS ALTERNATIVE TO PAL PARTICI-PATION IN ACRO.
HAMILTON

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